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SUMMARY RECORD OF THE 27th MEETING

Chairman: Mr. DINU (Romania)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 111: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued)

AGENDA ITEM 113: UNITED NATIONS COMMON SYSTEM (continued)*

AGENDA ITEM 114: UNITED NATIONS PENSION SYSTEM (continued)*

* Items considered together.

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 111: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/47/11)

1. Mr. ALI (Chairman of the Committee on Contributions) answered questions from the numerous delegations that had spoken in the debate on the scale of assessments, beginning with the questions of principle which had been the focus of many of their statements. Generally, they had called for the scale methodology to be simplified and made more transparent. Some delegations had questioned what had been the cornerstone of the system since 1946, namely Member States' capacity to pay, to the extent of suggesting the creation of an independent high-level body to review that principle.

2. The easy solution would be to calculate assessments in proportion to the distribution of national income averages as shown in column 1 of annex V of the Committee's report (A/47/11). The General Assembly had long ago decided that it was essential to introduce a number of modifying elements to approximate more accurately the capacity to pay of all States, and in particular of the developing and least developed countries. Thus, the current scale methodology was the result of a patchwork of corrective measures adopted over the years in an effort to make it as reflective as possible of Member States' capacity to pay in the light of changing circumstances.

3. Accordingly, the assessment for both developing and developed countries had fluctuated with economic and political developments, modifications of the scale methodology and the growing membership of the United Nations. Despite the considerable movement of the rates, the least developed countries generally had been well protected from crushing financial burdens and the major share of the Organization's expenses had been paid by the dozen or so largest contributors.

4. That being so, care must be taken not to disturb too much, by modifying the methodology underlying it, the delicate balance that had been attained. In that connection, several delegations had made important comments on the length of the statistical base period and the retention or elimination of the scheme of limits. Others had expressed concern about a perceived over-dependence of the scale on per capita income. He recalled that the scale was based on national income data provided by Member States themselves, and that per capita income was used only in the low per capita allowance formula.

5. Turning to more specific questions, he advised the Omani delegation that the population information used by the Committee was taken from the United Nations Demographic Yearbook. He explained, in response to a question from the Cuban delegation, that the application of debt-adjusted income would increase the rates of assessments of a few developing countries because the adjustment took into account debt flows rather than debt stock; it would therefore not be to the advantage of countries that had not made repayments,

and could in fact be disadvantageous. The problem, raised by Libya and Oman, of countries whose national income depended largely on non-renewable resources, had occupied the Committee in the context of its discussion of alternative national income concepts. Unfortunately, there were serious problems of definition and valuation.

6. With regard to the statements by Member States that had been part of the former Soviet Union and Yugoslavia, the Committee would address the insufficiencies of its transitional proposals in the context of the next scale and would endeavour to make the rates of the Member States concerned more reflective of their changed circumstances. With particular regard to Belarus and Ukraine, the Committee had in no way intended to redefine their membership status. Rather, it had simply been faced with the necessity of determining both Member States' assessment for the first time on the basis of actual data, and had done so in the same manner as in the case of other States that had just joined the United Nations.

7. Mr. GOUDIMA (Ukraine) thanked the Chairman of the Committee on Contributions for his clarifying remarks. He wondered, however, why the consensus decision had been reviewed in the case of Ukraine, although other Member States' assessments had not been received and Ukraine's status had not changed. It might be supposed that the Committee had been motivated by political considerations, thus violating Article 2 of the Charter, which stipulated that the Organization was based on respect for the principle of equal rights of all Member States. His delegation failed to see why the Committee had not thought fit, in that one case, to apply the scheme of limits. That departure from a principle, always previously respected, had resulted in an increase of more than 50 per cent in Ukraine's assessment. His delegation saw no logic in the explanations given.

8. Instead of reviewing the assessments of Ukraine and Belarus, it would have been more logical for the Committee, after calculating the assessments of the new Member States, to ask the successor State of the former USSR to assume responsibility for the undistributed balance of that State's assessment, since it was assuming its obligations. Ukraine was ready to pay the assessment that the Committee might have set for the period 1995-1997. It had always appreciated the Committee's purposeful avoidance of any political influence. It was true that former scales of assessment had been worked out with some difficulty, but the Committee had used a method for reaching a solution acceptable to all Member States through reasonable compromises. At the latest session, such had not been the case. So as to avoid creating a precedent by arbitrarily modifying a consensus resolution and bringing about a situation that could, if necessary, lead to a revision of the Charter and the rules of procedure, his delegation appealed to members of the Fifth Committee to limit the Committee's recommendations to calculating new Member States' assessments. Otherwise, his delegation would have difficulty in joining a consensus on the Committee's report.

AGENDA ITEM 113: UNITED NATIONS COMMON SYSTEM (continued) (A/47/30; A/C.5/47/25 and 36 to 38)

AGENDA ITEM 114: UNITED NATIONS PENSION SYSTEM (continued) (A/47/9, A/47/578; A/C.5/47/8 and 25)

9. The CHAIRMAN informed the Committee that he had received communications from the International Labour Office staff and from the Union of General Service Staff of the Food and Agriculture Organization. Both of them rejected the changes, suggested by the International Civil Service Commission (ICSC), to the method used for calculating pensionable remuneration for the General Service and considered the decisions taken by ICSC in July 1992 unlawful.

10. Mr. INOMATA (Japan) expressed great concern that the International Telecommunication Union (ITU) had again paid a special post allowance to almost all of its staff despite the strong opposition of the General Assembly and the International Civil Service Commission (ICSC). That practice was at odds with the purpose of the common system, which was to eliminate competition and promote interchange among the staffs of the organizations. Moreover, even supposing the rules were not flexible enough, or the salary scale did not suit a given organization, they should be amended for the system as a whole and not for an individual organization. His delegation therefore strongly supported the ICSC recommendation that it should be invited to meetings where proposals pertaining to salaries, allowances and other conditions of employment were discussed. Consideration should be given to amending the rules on the authority of ICSC, if necessary, to prevent such ill-advised actions as that taken by ITU.

11. Turning to the chapter of the ICSC report (A/47/30) dealing with pensionable remuneration among other subjects, his delegation was of the opinion that it was of paramount importance to preserve the balance between the pension benefits of officials who received pensions from their own organizations and those of similarly situated officials who were participants in the Pension Fund. The proposal of the Blanchard group was unacceptable as it would lead to considerable discrepancies, even taking into account the statutory limits on the terms of both groups. The first of the two alternatives envisaged by ICSC had the advantage that under that scheme the management of contributions would entail no administrative costs. However, his delegation could not support either without further information on the methodology used to arrive at the income replacement ratios, which it found surprisingly high.

12. The most serious problem in connection with pensionable remuneration for the General Service was the so-called income inversion, which could not only affect the morale of Professional staff but also destabilize the entire system. His delegation welcomed the ICSC decisions taken as a first step towards elimination of the anomalies, and expected ICSC to take further measures to eliminate the problem in the near future. Recalling that the General Assembly had agreed, in its resolution 46/192 II, that the income

(Mr. Inomata, Japan)

replacement approach should apply to General Service staff as it did to others, his delegation fully endorsed the views expressed by the representatives of governing bodies before the United Nations Joint Staff Pension Board, which appeared in annex VIII, part C, of the Board's report (A/47/9).

13. His delegation was prepared to give serious consideration to improving the conditions of service of the Professional and higher categories, which was closely connected with the broader question of how to improve the quality of the staff. It was indispensable to attract the most qualified candidates for posts, even if they were from countries with high per capita income, while streamlining organizations so that the financial burden which Member States must bear remained at a reasonable level.

14. With respect to the ICSC recommendations, his delegation supported the scale increase of 6.9 per cent, provided the financial situation permitted, and endorsed the proposal for ICSC to begin studying the idea of special rates in certain specialized technical fields, on the express understanding that they should be applied not to all categories but only to select occupational groups. His delegation did not object to the ICSC decision on the rental subsidy scheme, contained in paragraph 130 of its report, but requested the Commission to devise a consistent scheme and to ensure that any increase of allowances and benefits should comply as strictly as possible with the pertinent rules governing entitlement and calculation. Lastly, Japan took the view that before reaching a final judgement on the existing provisions on the mobility and hardship scheme, which were only two years old, the Committee should wait for the ICSC report expected in 1995.

15. On the conditions of service of the General Service, his delegation found some fault with the principle of "best prevailing conditions of service" at each duty station, which could in some cases lead to extremely high salaries. It should be borne in mind that the problem at the International Telecommunication Union (ITU) had arisen when differences in the conditions of service of the Professional and General Service staffs had narrowed; it would be necessary one day to establish guidelines for determining the relationship between the salaries of the two categories of staff. Accordingly, his delegation strongly supported the ICSC decision regarding the general method of surveying the best prevailing conditions of employment at headquarters duty stations (A/47/30, para. 31).

The meeting rose at 11.15 a.m.